Swiss Re
Corporate Solutions

BIG i
PROFESSIONAL LIABILITY.



UNDERSTANDING THE RISK OF UMBRELLA & EXCESS CLAIMS

AVOID AGENCY ERRORS & OMISSIONS THROUGH PREVENTION

Umbrella and excess insurance policies provide an essential layer of protection beyond the limits of primary insurance coverage, safeguarding assets from significant claims and lawsuits. These types of coverage are particularly valuable in scenarios where claims exceed the limits of primary policies, such as serious auto accidents or substantial property damage. Any mistakes made when writing excess or umbrella policies can generate significant errors & omissions (E&O) claims.

Umbrella vs. Excess

Generally, an excess policy "follows form" of a specific primary policy. Therefore, if there is an exclusion in the primary policy, the excess will also apply that exclusion.

Umbrella policies are generally broader and can sit over numerous policies. They will "drop down" if a primary policy excludes something. However, sometimes umbrellas exclude certain types of risks. For example, the umbrella policy may not cover a non-admitted or a professional liability policy.

Umbrella policies often exclude coverage for criminal acts, intentional acts, property damage resulting from floods, earthquakes, exotic or recreational vehicles, high-risk equipment such as trampolines, cyber liability, contractual liability, workers' compensation, rental property, punitive damages, or uninsured/underinsured motorist coverage.

Why Umbrella and Excess Policies are Necessary

- **The cost of defending a legal action can quickly spiral to hundreds of thousands of dollars.**
- **The value of claims has increased significantly due to juries awarding astronomical amounts, sometimes referred to as "nuclear verdicts."**
- **An umbrella or excess policy can protect your personal and business assets. They can provide peace of mind in the face of potentially devastating financial consequences.**

Common Umbrella and Excess Mistakes that Create E&O Claims

- **Failing to offer umbrella or excess coverage on every underlying policy where that coverage is available.**
- **Failing to add a vehicle or structure to the umbrella or excess policy.**
- **Failing to recognize an exclusion on an umbrella or excess policy.**
- **Failing to timely notify an umbrella or excess carrier of a claim because you don't think the damages will exceed the primary coverage.** Agents can no longer safely rely on the primary carrier to notify the excess carrier when a claim could pierce the excess layer.

WAYS TO PREVENT UMBRELLA AND EXCESS CLAIMS

- **Use a coverage checklist to review potential exposures with customers.**
- **Never complete an insurance application for your customer.** You may not know all the details required to complete the application accurately.
- **Remind your umbrella customers to carry the required underlying primary coverage limits needed to trigger the umbrella coverage.**
- **Offer umbrella and excess insurance to all customers.** If they decline, document their decision in writing and maintain the documentation.
- **Set diary reminders when awaiting information requested by the excess/umbrella carrier.** Notify customers when coverage is not renewed or placed, or when there are policy changes.
- **Use technology to compare policy forms.** There are numerous tools available that use artificial intelligence to identify coverage gaps and exclusions quickly.
- **Know your markets and available coverage offered by umbrella/excess carriers so you can quickly and best respond to customer needs.**

By adhering to these practices, individuals and businesses can better protect themselves from the financial impact of significant claims and ensure that their assets remain secure.

Questions? Contact your dedicated E&O risk manager at eo@iiaba.net.

Copyright © 2025, Big I Advantage®, Inc., and Swiss Re Corporate Solutions. All rights reserved. No part of this material may be used or reproduced in any manner without prior written permission from Big I Advantage®. For permission or further information, contact Agency E&O Risk Manager, 127 South Peyton Street, Alexandria, VA 22314, or email at eo@iiaba.net.